

## § 1902.11

the number, and date of the check will be inserted on all bills of sale, invoices, receipts, and itemized statements for materials, equipment, and services.

(5) Bills of sale, and so forth, may be returned to the borrower with the cancelled check for the payment of the bill.

(6) Checks to be drawn on a supervised bank account will bear the legend:

Countersigned, not as co-maker or endorser.

(Title)

Farmers Home Administration or its  
successor agency under Public Law 103-354

[46 FR 36106, July 14, 1981, as amended at 54 FR 47959, Nov. 20, 1989]

### § 1902.11 District and county office records.

A record of funds deposited in a supervised bank account will be maintained on Form FmHA or its successor agency under Public Law 103-354 402-2 in accordance with the FMI. The record of funds provided for operating purposes by another creditor or grantor will be on a separate Form FmHA or its successor agency under Public Law 103-354 402-2 so that they can be clearly identified.

[46 FR 36106, July 14, 1981, as amended at 51 FR 12308, Apr. 10, 1986]

### §§ 1902.12-1902.13 [Reserved]

### § 1902.14 Reconciliation of accounts.

(a) A checking account statement will be obtained periodically in accordance with established practices in the area. If the checking account statement does not include sufficient information to reconcile the account (the name of the payee or the check number and the amount of each check, i.e., a negotiable demand draft drawn on a financial institution), the original cancelled check or either a microfilm copy or other reasonable facsimile of the cancelled check must be provided to the District or County Office with the statement. Checking account statements will be reconciled promptly with District or County Office records. The person making the reconciliation will

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initial the record and indicate the date of the action.

(b) All checking account statements and, if necessary, original cancelled checks or either a microfilm copy or other reasonable facsimile of the cancelled checks will be forwarded immediately to the borrower when bank statements and District or County Office records are in agreement. If a transmittal is used, Form FmHA or its successor agency under Public Law 103-354 140-4, "Transmittal of Documents," is prescribed for that purpose.

(c) If the Financial Institution did not return the original cancelled check(s) to the Agency with the statements, and FmHA or its successor agency under Public Law 103-354 has a need for the original cancelled check(s) the Financial Institution, upon request by the Agency, will furnish to the Agency the requested original cancelled check(s) or a certified microfilmed copy or other reasonable certified facsimile of the cancelled check(s) and will provide this service to the Farmers Home Administration or its successor agency under Public Law 103-354 with no fees being assessed the Agency or the Depositor's account for the service.

[53 FR 35671, Sept. 14, 1988, as amended at 55 FR 21524, May 25, 1990]

### § 1902.15 Closing accounts.

When FmHA or its successor agency under Public Law 103-354 loan or grant funds and those of any other lender or grantor have all been properly expended or withdrawn, Form FmHA or its successor agency under Public Law 103-354 402-6 may be used to give FmHA or its successor agency under Public Law 103-354's consent (and of another lender or grantor, if involved) to close the supervised bank account in the following situations:

(a) When FmHA or its successor agency under Public Law 103-354 loan funds in the supervised bank account of a borrower have been reduced to \$100 or less, and a check for the unexpended balance has been issued to the borrower to be used for authorized purposes.

(b) For all loans accounts, except loans listed in §1902.15(c) of this section, after completion of authorized

loan funds expenditures, and after promptly refunding any remaining unexpended loan funds on the borrower's loan account with FmHA or its successor agency under Public Law 103-354 or another lender, as appropriate.

(c) For Community Facility, Water and Waste Disposal, Watershed (WS), Organizational Rural Rental Housing (RRH), Resource Conservation and Development (RCD), EO loans to a Cooperative Association, Rural Cooperative Housing (RCH), or Organizational Labor Housing (LH) loan and grant accounts, when the funds have been expended in accordance with the requirements of part 1942 subpart A, the supervised bank account will be closed within 90 days following completion of development, unless an extension of time is authorized in writing by the District Director. If the borrower will not agree to close the account, the District Director or County Supervisor will request the State Director to make demand upon the financial institution in accordance with § 1902.16.

(d) Promptly upon death of a borrower, except when the loan is being continued with a joint debtor, when a borrower is in default and it is determined that no further assistance will be given, or when a borrower is no longer classified as "active."

(1) *Deceased borrowers.* (i) Ordinarily, upon notice of the death of a borrower, the District Director or the County Supervisor will request the State Director to make demand upon the bank for the balance on deposit and apply all the balance after payment of any bank charges to the borrower's FmHA or its successor agency under Public Law 103-354 indebtedness. When the State Director approves continuation with a survivor, the supervised bank account of deceased borrower may be continued with a remaining joint debtor who is liable for the loan and agrees to use the unexpended funds as planned, provided:

(A) The account is a joint survivorship supervised bank account, or

(B) If not a joint survivorship account, the financial institution will agree to permit the addition of the surviving joint debtor's name to the existing signature card and the appropriate Deposit Agreement and continue to disburse checks out of the existing ac-

count upon FmHA or its successor agency under Public Law 103-354's countersignature and the joint debtor's signature in place of the deceased borrower, or

(C) The financial institution will permit the State Director to withdraw the balance from the existing supervised bank account with a check jointly payable to the FmHA or its successor agency under Public Law 103-354 and the surviving joint debtor and deposit the money in a new supervised bank account with a surviving joint debtor, and will disburse checks from this new account upon the signature of such survivor and the countersignature of an authorized FmHA or its successor agency under Public Law 103-354 official.

(ii) The State Director, before applying the balance remaining in the supervised bank account to the FmHA or its successor agency under Public Law 103-354 indebtedness, is authorized upon approval by the Office of the General Counsel (OGC) to refund any unobligated balances of funds from other lenders to the FmHA or its successor agency under Public Law 103-354 borrower for specific operating purposes in accordance with subordination agreements or other arrangements between the FmHA or its successor agency under Public Law 103-354, the lender and the borrower.

(iii) The State Director, upon the recommendation of an authorized representative of the estate of the deceased borrower and the approval of the OGC, is authorized to approve the use of deposited funds for the payment of commitments for goods delivered or services performed in accordance with the deceased borrower's plans approved by FmHA or its successor agency under Public Law 103-354.

(2) *Borrowers in default.* Whenever it is impossible or impractical to obtain a signed check from a borrower whose supervised bank account is to be closed, the District Director or County Supervisor will request the State Director to make demand upon the financial institution for the balance on deposit in the borrower's supervised bank account for application as appropriate:

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(i) To the borrower's FmHA or its successor agency under Public Law 103-354 indebtedness, or

(ii) As refunds of any unobligated advance provided by other lenders which were deposited in the account, or

(iii) For the return of FmHA or its successor agency under Public Law 103-354 grant funds to the FmHA or its successor agency under Public Law 103-354 Finance Office, or

(iv) For the return of grant funds to other grantors.

(3) *Inactive borrowers.* An inactive borrower is one whose loan has not been paid in full, but is no longer classified as "active."

(4) *Paid up borrowers.* A paid-up borrower is one who has a balance remaining in the supervised bank account and has repaid the entire indebtedness to FmHA or its successor agency under Public Law 103-354 and has properly expended all funds advanced by other lenders. In such cases the District Director or County Supervisor will (i) notify the borrower in writing that the interests in the account of FmHA or its successor agency under Public Law 103-354 have been terminated, and (ii) inform the borrower of the balance remaining in the supervised bank account.

[46 FR 36106, July 14, 1981, as amended at 53 FR 231, Jan. 6, 1988; 54 FR 47196, Nov. 13, 1989; 66 FR 1569, Jan. 9, 2001]

### § 1902.16 Request for withdrawals by State Director.

When the State Director is requested to make written demand upon the financial institution for the balance on deposit in the supervised bank account, or any part thereof, the request will be accompanied by the following information.

(a) Name of borrower as it appears on the applicable Deposit Agreement.

(b) Name and location of financial institution.

(c) Amount to be withdrawn for refund to another lender of any balance that may remain of funds received by the borrower from such lender as a loan or grant, or under a subordination agreement or other arrangement between the FmHA or its successor agency under Public Law 103-354, the other lender, and the borrower.

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(d) Amount to be withdrawn, excluding any service charges, for a refund of FmHA or its successor agency under Public Law 103-354's.

(e) Other pertinent information including reasons for the withdrawal.

### §§ 1902.17-1902.49 [Reserved]

### § 1902.50 OMB control number.

The reporting and recordkeeping requirements contained in this regulation have been approved by the Office of Management and Budget and have been assigned OMB control number 0575-0158. Public reporting burden for this collection of information is estimated to vary from 5 minutes to 1½ hours per response, with an average of 0.42 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB #0575-0158), Washington, DC 20503.

[59 FR 3778, Jan. 27, 1994]

### EXHIBIT A TO SUBPART A OF PART 1902 [RESERVED]

### EXHIBIT B TO SUBPART A OF PART 1902 —UNITED STATES DEPARTMENT OF AGRICULTURE, FARMERS HOME AD- MINISTRATION OR ITS SUCCESSOR AGENCY UNDER PUBLIC LAW 103- 354—INTEREST-BEARING DEPOSIT AGREEMENT

BECAUSE certain funds of \_\_\_\_\_ referred to as the "Depositor," are now on deposit with the \_\_\_\_\_, referred to as the "Financial Institution," under a Deposit Agreement, dated \_\_\_\_\_, 19\_\_\_\_, providing for supervision by the United States of America, acting through the Farmers Home Administration or its successor agency under Public Law 103-354, referred to as the "Government," which Deposit Agreement grants to the Government security and/or other interest in the funds covered by that Deposit Agreement, and